

BIMB-ARABESQUE / GLOBAL DIVIDEND FUND 1



**ANNUAL REPORT FOR THE FINANCIAL
YEAR ENDED 31 MARCH 2019**

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1.0 FUND KEY INFORMATION

Fund Name	BIMB-ARABESQUE i Global Dividend Fund 1 (BIGDF1)
Target Fund Name	Arabesque Q3.17 Systematic (USD)
Fund Type/ Fund Category	Income & Growth / Feeder (Wholesale)
Base Currency of the Fund	USD
Fund Investment Objective	<p>The Fund seeks to achieve long-term capital appreciation.</p> <p><i>Any material changes to the investment objective of the Fund would require Unit Holders' approval.</i></p>
Fund Benchmark	<p>MSCI AC World Index</p> <p>Source: https://www.msci.com/indexes</p>
Asset Allocation	<p>A minimum of 70% of the Fund's NAV to be invested in the Target Fund; and</p> <p>A maximum of 30% of the Fund's NAV to be invested in Islamic fixed deposits, Islamic money market instruments and/or Islamic liquid assets.</p>
Investor Profile	<p>The Fund is primarily suitable for Sophisticated Investors:</p> <ol style="list-style-type: none"> i. seeking exposure to Shariah-compliant global developed markets equity ii. seeking capital appreciation iii. with moderate to high risk tolerance iv. with a 5-year or more investment horizon

<p>Distribution Policy and Mode of Distribution</p>	<p>The Manager will declare annual distributions (subject to availability of income), after the end of its first financial year.</p> <p>The Fund will be measured against an average income distribution yield of 6% per annum over a 5-year period. This is not a guaranteed return and it is only a measurement of the Fund's performance. The Fund may or may not achieve 6% per annum growth rate in any particular financial year.</p>						
<p>Policy on Rebates and Soft Commissions</p>	<p>The Manager or any delegate thereof shall not retain any rebate from, or otherwise share in any commission with, any broker in consideration for direct dealings in the investments of the Fund. Accordingly, any rebate or shared commission shall be directed to the account of the Fund concerned. However, the Manager or any delegate thereof may retain goods and services ("Soft Commissions") from any broker/dealer, only if the goods and services are of demonstrable benefit to the Unit Holders such as research materials and advisory services which are incidental to the investment management activities of the Fund.</p>						
<p>Income Distribution</p>	<p>The income distribution for the period under review are as follows:-</p> <table border="1" data-bbox="351 705 885 911"> <thead> <tr> <th colspan="2" data-bbox="351 705 885 775">Income Distribution</th> </tr> <tr> <th data-bbox="351 775 605 852">MYR Class Distribution (sen)/ unit</th> <th data-bbox="605 775 885 852">USD Class Distribution (cent)/ unit</th> </tr> </thead> <tbody> <tr> <td data-bbox="351 852 605 911">2.08</td> <td data-bbox="605 852 885 911">2.23</td> </tr> </tbody> </table>	Income Distribution		MYR Class Distribution (sen)/ unit	USD Class Distribution (cent)/ unit	2.08	2.23
Income Distribution							
MYR Class Distribution (sen)/ unit	USD Class Distribution (cent)/ unit						
2.08	2.23						
<p>State of Affair of the Fund</p>	<p>There were also no significant changes in the state of affairs of the Fund and no circumstances that materially affected the interest of the Unit Holders for the period under review.</p>						

2.0 MANAGER'S REPORT

Feeder Fund Performance Review

MYR Class

Financial period from 1 April 2018 to 31 March 2019

Subsequently, during the period under review, the Fund registered a positive return of 4.02%, underperforming the benchmark by -4.44% as the benchmark performance registered a 8.46% return.

Since Inception from 5 November 2015 to 31 March 2019

The Fund's performance since inception registered a positive return of 19.16%. The Fund had underperformed the benchmark by -5.50% as the benchmark registered a positive return of 24.66% since inception.

As at 31 March 2019, the NAV per unit of the Fund was RM0.4949 while units in circulation were 1,399,586,248 units.

USD Class

Financial period from 1 April 2018 to 31 March 2019

Subsequently, during the period under review, the Fund registered a negative return of -1.55%, underperforming the benchmark by -4.15% as the benchmark performance registered a 2.60% return.

Since Inception from 5 November 2015 to 31 March 2019

The Fund's performance since inception registered a positive return of 25.35%. The Fund had underperformed the benchmark by -6.09% as the benchmark registered a positive return of 31.44% since inception.

As at 31 March 2019, the NAV per unit of the Fund was USD0.5253 while units in circulation were 81,013,402 units.

Past performance is no indication of the future performance of the Fund.

Target Fund Performance

During Q2 2018, global equities made gains despite market volatility. US equities growth was supported by positive earnings momentum. European equities were also in line with the global market with the ECB and BoE confirming that they would hold rates. Japanese equities posted gains despite US-China trade tensions. This was in contrast to emerging markets equities which recorded sharp losses over the period, stemming from a strong US dollar and trade tensions.

During Q3 2018, global equities posted gains primarily due to strong US markets – caused by robust economic growth and earnings data. European equities posted modest gains whilst UK stocks posted losses with worries over Brexit. In Japan, equities rose following Abe's re-election as party leader. Emerging markets suffered from a strong US dollar and US-China trade tensions.

During Q4 2018, global equities suffered driven by slowing economic growth, political uncertainty and concerns over US-China trade relations. US equities declined as the economy lost momentum and investors became fearful of the Fed's rate rise. European equities posted steep losses with worries over slowing Chinese growth, a US rate rise and an uncertain Brexit outcome. Emerging markets stocks also suffered from market volatility and steep losses.

During Q1 2019, global equities rebounded from the losses of the previous quarter driven by eased trade tensions and dovish central bank policy. US equities posted significant gains with the Fed confirming that it would adjust its planned interest rate hike. European equities also recovered as the ECB announced that rates would remain at their current historic low and a hard Brexit outcome became viewed as less likely. In Japan, equities recovered at a lower rate than the global market. Emerging markets bounced back, driven by Chinese growth and the US's decision to suspend tariff hikes on Chinese goods.

The Arabesque Q3.17 Systematic (Target Fund) returned +0.82% during the financial year ending on 31 March 2019 (in USD terms), underperforming the benchmark (MSCI ACWI) by -2.72%. Absolute performance was positively impacted by Technology Services and Consumer Services stocks, especially from the US. The Process Industries and Consumer Non-Durables sectors negatively impacted performance over the period.

Negative relative performance was primarily driven by the fund's defensive asset allocation at the start of Q1 2019 and negative stock selection effects (Electronic Technology and Non-Energy Minerals). The sector allocation effect was positive for the year, mostly from an underweight in Finance and overweight in Technology Services.

Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)

Target Fund Market Outlook

Given the bottom-up, quantitative, and momentum-based nature of the strategy, we do not perform any macro analysis and do not manage the fund based on views/expected outlook. However, the below comments on what we observe as signs in the dynamics of the strategy.

Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)

Target Fund Strategy

The fund's cash allocation increased significantly in Q4 2018 in response to tough global market conditions, reaching 47% at the end of the year. Whilst this defensive allocation was able to aid relative performance in the downturn period of the drawdown, it penalised relative performance at the start of 2019 as the market recovered sharply. The cash allocation fell steadily in Q1 2019 reaching 14% at the end of the period, indicating a healthier technical state of the market. The fund also significantly increased its exposure to Technology Services and Health Technology over the period to capture positive momentum in these sectors.

Source : Arabesque Asset Management Ltd (the Target Fund's investment manager)

FUND PERFORMANCE DATA

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH

BIMB-Arabesque / Global Dividend Fund 1	31 March 2019	31 March 2018	Since inception to 31 March 2017
Net Asset Value (USD)			
- MYR Class	169,730,020	62,352,939	13,778,098
- USD Class	42,558,517	36,821,318	99,596
Units in Circulation			
- MYR Class	1,399,586,248	485,638,002	116,676,695
- USD Class	81,013,402	66,187,961	196,506
NAV per Unit in USD			
- MYR Class	0.1213	0.1284	0.1181
- USD Class	0.5253	0.5563	0.5068
NAV per Unit in respective class currencies			
- MYR Class	0.4949	0.4959	0.5223
- USD Class	0.5253	0.5563	0.5068
Highest NAV per Unit in respective class currencies			
- MYR Class	0.5774	0.5733	0.5573
- USD Class	0.6045	0.6324	0.5406
Lowest NAV per Unit in respective class currencies			
- MYR Class	0.4848	0.4959	0.4409
- USD Class	0.5071	0.5019	0.4615
Total Return (%) ⁽¹⁾			
- MYR Class	4.02	2.95	11.56
- USD Class	-1.55	17.77	8.26
Capital Return (%)			
- MYR Class	-0.17	-5.05	4.46
- USD Class	-5.56	9.77	1.36
Income Return (%)			
- MYR Class	4.19	8.00	7.10
- USD Class	4.01	8.00	6.90
Gross distribution per unit (sen)			
- MYR Class	2.08	4.18	3.55
- USD Class	2.23	4.055	3.45
Net distribution per unit (sen)			
- MYR Class	2.08	4.18	3.55
- USD Class	2.23	4.055	3.45

FUND PERFORMANCE DATA (CONTINUED)

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 MARCH (CONTINUED)

BIMB-Arabesque / Global Dividend Fund 1	31 March 2019	31 March 2018	Since inception to 31 March 2017
NAV per unit before distribution			
- MYR Class	0.5129	0.5546	0.5578
- USD Class	0.5464	0.6076	0.5413
NAV per unit after distribution			
- MYR Class	0.4921	0.5128	0.5223
- USD Class	0.5241	0.5671	0.5068
Date of distribution	25 March 2019	23 March 2018	31 March 2017
Management Expense Ratio (MER)(%) ⁽²⁾	1.91	1.25	1.25
Portfolio Turnover Ratio (PTR)(times) ⁽³⁾	0.45	0.68	0.74

The price and net asset value per unit are ex-distribution.

Note:

- 1) Total return is the actual return since inception of the Fund for the respective financial year computed based on the net asset value per unit and net of all fees.
- 2) Management expense ratio ("MER") is calculated based on the total fees and expenses incurred by the Fund divided by the average fund size calculated on a daily basis.
- 3) Portfolio turnover ratio ("PTR") is calculated based on the average of the total acquisitions and total disposals of investment securities of the Fund divided by the average fund size calculated on a daily basis.

Total Return	Fund MYR Class	MSCI AC World Index MYR Class	Fund USD Class	MSCI AC World Index USD Class
Financial period from (1 Apr 2018 to 31 Mar 2019)	4.02%	8.46%	-1.55%	2.60%
Since Inception (From 5 Nov 2015 to 31 Mar 2019)	19.16%	30.91%	25.35%	37.79%

Average Total Return	Fund MYR Class	MSCI AC World Index MYR Class	Fund USD Class	MSCI AC World Index USD Class
1-Year Period (From 1 Apr 2018 to 31 Mar 2019)	4.02%	8.46%	-1.55%	2.60%
Since Inception (From 5 Nov 2015 to 31 Mar 2019)	11.17%	14.28%	9.19%	11.75%

Annual Total Return for Financial Year	Fund MYR Class	MSCI AC World Index MYR Class	Fund USD Class	MSCI AC World Index USD Class
31 March 2019 (From 1 Apr 2018 to 31 Mar 2019)	4.02%	8.46%	-1.55%	2.60%
31 March 2018 (From 1 Apr 2017 to 31 Mar 2018)	2.68%	0.20%	17.62%	14.53%
31 March 2017 (From 1 Apr 2016 to 31 Mar 2017)	25.01%	15.10%	10.18%	15.10%

Note:

All data are independently verified by Novagni Analytics and Advisory Sdn. Bhd.

Income distribution for the last financial year

Financial Year	Income Distribution MYR Class		Income Distribution USD Class		Benchmark
	Distribution (sen) / unit	Distribution Yield per annum (%)	Distribution (sen) / unit	Distribution Yield per annum (%)	
31 March 2019	2.08	4.19%	2.23	4.01%	6.0%
31 March 2018	4.18	8.00%	4.055	8.00%	6.0%
31 March 2017	3.55	7.10%	3.45	6.90%	6.0%

Bases of calculation and assumptions made in calculating returns:

$$\begin{aligned} \text{Percentage growth} &= \frac{\text{NAV}_t}{\text{NAV}_0} - 1 \\ \text{NAV}_t &= \text{NAV at the end of the period} \\ \text{NAV}_0 &= \text{NAV at the beginning of the period} \\ \text{Performance annualised} &= (1 + \text{Percentage Growth})^{1/n} - 1 \\ n &= \text{Number of years} \end{aligned}$$

Past performance is not necessarily indicative of future performance and unit prices and investment returns may go down, as well as up.

Breakdown of Unit Holding by Size “RM” Class as at 31 March 2019

Size of Holding	Number of Unit Holders	Number of Units Held
10,001 to 50,000	33	1,045,042.35
50,001 to 500,000	553	78,782,049.50
500,001 and above	77	1,319,759,156.49
Total	663	1,399,586,248.34

Breakdown of Unit Holding by Size “USD” Class as at 31 March 2019

Size of Holding	Number of Unit Holders	Number of Units Held
10,001 to 50,000	4	177,708.04
50,001 to 500,000	54	8,760,230.65
500,001 and above	6	72,075,463.51
Total	66	81,013,402.20

3.0 TRUSTEE'S REPORT

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

TO THE UNIT HOLDERS OF BIMB-ARABESQUE *i* GLOBAL DIVIDEND FUND 1

We have acted as Trustee for BIMB-Arabesque *i* Global Dividend Fund 1 (the "Fund") for the financial year ended 31 March 2019. To the best of our knowledge, for the financial year under review, BIMB Investment Management Berhad (the "Manager") has operated and managed the Fund in accordance with the following:-

- (a) limitations imposed on the investment powers of the Manager under the Deed(s), the Securities Commission's Guidelines on Unlisted Capital Market Products under The Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) the valuation and pricing is carried out in accordance with the Deed(s) of the Fund and any regulatory requirements; and
- (c) creation and cancellation of units are carried out in accordance with the Deed(s) of the Fund and any regulatory requirements.

We are of the view that the distribution made during this financial year ended 31 March 2019 by the Manager is not inconsistent with the objectives of the Fund.

For Deutsche Trustees Malaysia Berhad

.....
Soon Lai Ching
Senior Manager, Trustee Operations

.....
Richard Lim Hock Seng
Chief Executive Officer

Kuala Lumpur

Date: 29 May 2019

4.0 SHARIAH COMMITTEE'S REPORT

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

To the Unitholders of

BIMB-ARABESQUE *i* GLOBAL DIVIDEND FUND 1

We have acted as the Shariah Committee of BIMB-Arabesque *i* Global Dividend Fund 1.

Our responsibilities are to ensure that the procedures and processes employed by BIMB Investment Management Berhad and that the provisions of the Deed dated 2 November 2015 are in accordance with Shariah principles.

In our opinion, BIMB Investment Management Berhad has managed and administrated BIMB-Arabesque *i* Global Dividend Fund 1 in accordance with Shariah principles and complied with applicable guidelines, ruling or decision issued by the Securities Commission pertaining to Shariah matters for the financial year ended 31 March 2019.

In addition, we also confirm that the investment portfolio of BIMB-Arabesque *i* Global Dividend Fund 1 comprises instruments that have been classified as Shariah-compliant by the Shariah Advisory Council (SAC) of the Securities Commission or the SAC of Bank Negara Malaysia.

For and on behalf of the Shariah Committee

.....
DR. AHMAD SHAHBARI@SOBRI SALAMON
(Chairman)

.....
ASSOC. PROF. DR. ASMAK AB. RAHMAN
(Committee Member)

.....
DR. AZRUL AZLAN ISKANDAR MIRZA
(Committee Member)

Date: 29 May 2019

5.0 DIRECTORS' DECLARATION

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

To the Unitholders of

BIMB-ARABESQUE *i* GLOBAL DIVIDEND FUND 1

We, Dato' Ghazali bin Awang and Najmuddin bin Mohd Lutfi, being two of the directors of the Manager, BIMB Investment Management Berhad, for BIMB-Arabesque *i* Global Dividend Fund 1 do hereby state that in our opinion, the accompanying Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows are drawn up so as to give a true and fair view of the Statement of Financial Position of the Fund as at 31 March 2019 and Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Net Asset Value and Statement of Cash Flows for the financial year ended on that date.

For and on behalf of the Board of Directors,
BIMB Investment Management Berhad

.....
DATO' GHAZALI BIN AWANG
(Non-Executive Independent Director)

.....
NAJMUDDIN BIN MOHD LUTFI
(Chief Executive Officer)

Date: 29 May 2019

6.0 Independent Auditors' Report **(Established in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BIMB-Arabesque i Global Dividend Fund 1 (“the Fund”), which comprise the statement of financial position as at 31 March 2019, and the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 18 to 44.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Fund in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The Manager of the Fund is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Fund and our auditors' report thereon.

Our opinion on the financial statements of the Fund does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the annual report and, in doing so, consider whether annual report is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager and Trustee for the Financial Statements

The Manager of the Fund is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Securities Commission's Guidelines in Malaysia. The Manager is also responsible for such internal control as the Manager determine is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Fund, the Manager is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Trustee is responsible for ensuring that the Manager maintains proper accounting and other records as necessary to enable true and fair presentations of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Fund as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

This report is made solely to the members of the Fund, as a body, in accordance with Securities Commission's Guidelines in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountant

Adrian Lee Lye Wang
Approval Number: 02679/11/2019 J
Chartered Accountants

Petaling Jaya, Selangor

Date: 29 May 2019

7.0 FINANCIAL STATEMENTS

7.1 Statement of Financial Position as at 31 March 2019

	Note	2019 USD	2018 USD
Assets			
Investment in foreign collective investment scheme	4	202,888,190	72,589,494
Amount due from Manager		3,621,146	10,499,268
Other receivables		1,655	1,489
Cash and cash equivalents	5	6,488,020	16,485,706
Total assets		<u>212,999,011</u>	<u>99,575,957</u>
Liabilities			
Other payables		332,350	146,661
Distribution payable		378,124	255,039
Total liabilities		<u>710,474</u>	<u>401,700</u>
Net asset value		<u>212,288,537</u>	<u>99,174,257</u>
Unitholders' fund			
Unitholders' capital	6	225,861,130	100,416,779
Accumulated losses		(13,572,593)	(1,242,522)
Net asset value attributable to unitholders		<u>212,288,537</u>	<u>99,174,257</u>
Net asset value attributable to unitholders			
- MYR class		169,730,020	62,352,939
- USD class		42,558,517	36,821,318
		<u>212,288,537</u>	<u>99,174,257</u>
Number of units in circulation			
- MYR class		1,399,586,248	485,638,002
- USD class		81,013,402	66,187,961
		<u>1,480,599,650</u>	<u>551,825,963</u>
Net asset value per unit in USD			
- MYR class		12.13 cent	12.84 cent
- USD class		52.53 cent	55.63 cent
		<u>12.13 cent</u>	<u>55.63 cent</u>
Net asset value per unit in respective currencies			
- MYR class		49.49 sen	49.59 sen
- USD class		52.53 cent	55.63 cent
		<u>49.49 sen</u>	<u>55.63 cent</u>

The notes on pages 22 to 44 are an integral part of these financial statements.

7.2 Statement of Profit or Loss and Other Comprehensive Income for the financial year ended 31 March 2019

	Note	2019 USD	2018 USD
Income			
Dividend income from Target Fund		11,064,392	7,183,265
Income from short term investments		179,789	50,702
Realised (loss)/gain on foreign exchange		(755,785)	315,259
Other unrealised (loss)/gain on foreign exchange		(104,203)	33,317
Unrealised loss from financial instruments at fair value through profit or loss		<u>(12,450,808)</u>	<u>(2,210,512)</u>
Gross (loss)/income		<u>(2,066,615)</u>	<u>5,372,031</u>
Expenses			
Manager's fee	7	1,600,866	473,777
Trustee's fee	8	93,850	27,314
Audit fee		3,186	3,901
Tax agent's fee		980	777
Administrative expenses		<u>87,797</u>	<u>68,347</u>
		<u>1,786,679</u>	<u>574,116</u>
Net (loss)/income before taxation		(3,853,294)	4,797,915
Taxation	9	-	-
Net (loss)/income after taxation		<u>(3,853,294)</u>	<u>4,797,915</u>
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		<u>(3,853,294)</u>	<u>4,797,915</u>
Total comprehensive (loss)/income for the year consist of:			
Realised amount		8,597,514	7,008,427
Unrealised amount		<u>(12,450,808)</u>	<u>(2,210,512)</u>
		<u>(3,853,294)</u>	<u>4,797,915</u>

The notes on pages 22 to 44 are an integral part of these financial statements.

7.3 Statement of Changes in Net Asset Value for the financial year ended 31 March 2019

	Note	Unitholders' capital USD	Accumulated losses USD	Total USD
At 1 April 2017		13,375,673	502,021	13,877,694
Creation of units via cash				
- MYR class		47,915,014	-	47,915,014
- USD class		35,610,796	-	35,610,796
Reinvestment of distributions				
- MYR class		3,828,510	-	3,828,510
- USD class		2,462,283	-	2,462,283
Cancellation of units				
- MYR class		(2,566,507)	-	(2,566,507)
- USD class		(208,990)	-	(208,990)
Distributions				
- MYR class	13	-	(4,061,193)	(4,061,193)
- USD class	13	-	(2,481,265)	(2,481,265)
Total attributable to unitholders		87,041,106	(6,542,458)	80,498,648
Total comprehensive income for the year		-	4,797,915	4,797,915
As at 31 March 2018/1 April 2018	6	100,416,779	(1,242,522)	99,174,257
Creation of units via cash				
- MYR class		118,617,421	-	118,617,421
- USD class		8,658,639	-	8,658,639
Reinvestment of distributions				
- MYR class		6,382,385	-	6,382,385
- USD class		1,715,116	-	1,715,116
Cancellation of units				
- MYR class		(8,080,403)	-	(8,080,403)
- USD class		(1,848,807)	-	(1,848,807)
Distributions				
- MYR class	13	-	(6,743,740)	(6,743,740)
- USD class	13	-	(1,733,037)	(1,733,037)
Total attributable to unitholders		125,444,351	(8,476,777)	116,967,574
Total comprehensive loss for the year		-	(3,853,294)	(3,853,294)
As at 31 March 2019	6	225,861,130	(13,572,593)	212,288,537

The notes on pages 22 to 44 are an integral part of these financial statements.

7.4 Statement of Cash Flows for the financial year ended 31 March 2019

	2019 USD	2018 USD
Cash flows from operating activities		
Dividend received	11,064,392	7,183,265
Purchase of investments	(142,749,503)	(62,130,202)
Income from foreign exchange	(755,785)	315,259
Income from short term investments	179,623	49,231
Foreign exchange fluctuation	(105,354)	36,691
Manager's fee paid	(1,507,905)	(409,510)
Trustee fee paid	(88,193)	(23,763)
Audit fee paid	(3,227)	(3,034)
Tax agent fee paid	(952)	(973)
Payment for administrative expenses	(77,488)	(61,805)
Net cash used in operating activities	<u>(134,044,392)</u>	<u>(55,044,841)</u>
Cash flows from financing activities		
Cash receipt for creation of units	134,230,955	73,157,726
Cash payment for cancellation of units	(9,929,210)	(2,879,267)
Distribution paid	(255,039)	(36,062)
Net cash generated from financing activities	<u>124,046,706</u>	<u>70,242,397</u>
Net (decrease)/increase in cash and cash equivalents	(9,997,686)	15,197,556
Cash and cash equivalents at beginning of the financial year	<u>16,485,706</u>	<u>1,288,150</u>
Cash and cash equivalents at 31 March	<u>6,488,020</u>	<u>16,485,706</u>
Cash and cash equivalents comprise:		
Short term placements	4,718,363	7,308,849
Cash at bank	1,769,657	9,176,857
	<u>6,488,020</u>	<u>16,485,706</u>

The notes on pages 22 to 44 are an integral part of these financial statements.

7.5 Notes to the Financial Statements

1. Information on the Fund

BIMB-Arabesque i Global Dividend Fund 1 (hereinafter referred to as “the Fund”) was constituted pursuant to the execution of a Deed dated 2 November 2015 between the Manager - BIMB Investment Management Berhad, the Trustee – Deutsche Trustees Malaysia Berhad and the registered unitholders of the Fund.

As to the investment objective, the Fund seeks to achieve long-term capital appreciation. The principal activity of the Fund is to invest in Target Fund, Islamic fixed deposits, Islamic money market instruments and/or Islamic liquid assets.

The Manager, BIMB Investment Management Berhad, a company incorporated in Malaysia, is a subsidiary of Bank Islam Malaysia Berhad.

The financial statements were approved by the Board of Directors of the Manager on 29 May 2019.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), the Deed and Securities Commission’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (“Guidelines”) in Malaysia.

This is the first set of the Fund’s annual financial statements in which MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* has been applied. There were no material impact arising from the adoption of MFRS 15 and MFRS 9 on the Fund’s financial statements other than the change in accounting policies as disclosed in Note 3.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Fund:

2. Basis of preparation (Continued)

(a) Statement of compliance (Continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits (Plan Amendment, Curtailment or Settlement)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations - Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

2. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Fund plans to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 April 2019 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2019; and
- from the annual period beginning on 1 April 2020 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2020.

The Fund does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Fund.

The initial application of the accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Fund.

(b) Basis of measurement

The financial statements are prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Fund's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to the years presented in these financial statements, unless otherwise stated.

(a) Financial instruments

Unless specifically disclosed below, the Fund generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Fund has elected not to restate the comparative.

(i) Initial recognition and measurement

A financial asset or liability is recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the instrument.

Current financial year

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

The Fund categorises financial instruments as follows:

Financial assets

Current financial year

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective profit method. The amortised cost is reduced by impairment losses. Profit income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Profit income is recognised by applying effective profit rate to the gross carrying amount except for credit impairment financial assets (see Note 3 (d)) where the effective profit rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any profit or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment.

Previous financial year

In the previous financial year, financial assets of the Fund were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurements* as follows:

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Previous financial year

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in the statement of profit or loss.

(b) *Financing and receivables*

Financing and receivables category are debt instruments that are not quoted in an active market and these comprises amount due from Manager, other receivables and cash and cash equivalents.

Financial assets categorised as financing and receivables are subsequently measured at amortised cost using the effective profit method.

All financial assets were subject to impairment assessment; see Note 3(d).

Financial liabilities

Current financial year

The categories of financial liabilities at initial recognition are as follows:

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective profit method.

Profit expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Previous financial year

All financial liabilities measured at amortised cost comprise other payables and distribution payables.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Income recognition

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Fund's right to receive payment is established, which in the case of foreign collective investment scheme is the entitlement date.

(ii) Income from short term investments

Income from short term investments is recognised as it accrues, using the effective profit method in profit or loss.

3. Significant accounting policies (continued)

(b) Income recognition (continued)

(iii) Gain on sale of investments

The realised gain on sale of investments is measured as the difference between the net disposal proceeds and the carrying amount of the investments. The carrying amount for determining the realised gain on sale of investments is based on the weighted average cost method and where applicable adjusted for accretion for discount and amortisation of premium.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and short term placements with licensed financial institutions which have insignificant risk of changes in fair value with original maturities of less than 30 days, and are used by the Fund in the management of its short term commitments.

Cash and cash equivalents are categorised and measured as amortised cost (2018: financing and receivables).

(d) Impairment

Financial assets

The Fund generally applied the following account policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Fund elected not to restate the comparatives.

Current financial year

The Fund recognised loss allowances for expected credit losses on financial assets measured at amortised costs. Expected credit losses are a probability-weighted estimate of credit losses.

The Fund measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when expected credit loss, the Fund consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and including forward-looking information, where available.

3. Significant accounting policies (continued)

(d) Impairment (continued)

Current financial year (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Fund is exposed to credit risk.

The Fund estimate the expected credit losses on other receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Fund assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recover amount due.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised.

An impairment loss in respect of financing and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective profit rate. The carrying amount of the asset was reduced through the use of an allowance account.

3. Significant accounting policies (continued)

(e) Income tax

Income tax expense comprises current tax. Current tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

(f) Unitholders' capital

The Fund issues cancellable units, which are cancelled at the unitholder's option and are classified as equity. Cancellable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The outstanding units is carried at the redemption amount that is payable at the financial position date if the unitholder exercises the right to put the unit back to the Fund.

Units are created and cancelled at the unitholder's option at prices based on the Fund's net asset value per unit at the time of creation or cancellation. The Fund's net asset value per unit is calculated by dividing the net asset attributable to unitholders' with the total number of outstanding units. In accordance with the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework in Malaysia, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and cancellations.

The units in the Fund are puttable instruments, classified as equity, which entitle the unitholders to a pro-rata share of the net asset of the Fund. The units are subordinated and have identical features. There is no contractual obligation to deliver cash or another financial asset other than the obligation on the Fund to repurchase the units. The total expected cash flows from the units are based on the change in the net asset of the Fund.

(g) Distribution

Distribution is at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from realised reserves. A proposed distribution is recognised as a liability or equity in the year in which they are declared.

3. Significant accounting policies (continued)

(h) Net Asset Value

The Net Asset Value is calculated after deducting the retained profits allocated for distribution.

(i) Fair value measurement

The Fund adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Fund recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. Investment

	2019 USD	2018 USD
Financial assets as FVTPL		
At cost:		
Foreign collective investment scheme	<u>217,048,422</u>	<u>74,298,918</u>
At fair value:		
Foreign collective investment scheme	<u>202,888,190</u>	<u>72,589,494</u>

Details of investment are as follows:

Foreign collective investment scheme	Number of units	Purchase cost USD	Fair value USD	Fair value as a percentage of net asset value %
2019				
Arabesque Q3.17 SICAV				
- Arabesque Q3.17				
Systematic ("Target Fund")	1,992,812	217,048,422	202,888,190	95.57
			<u>(14,160,232)</u>	
2018				
Arabesque Q3.17 SICAV				
- Arabesque Q3.17				
Systematic ("Target Fund")	675,754	74,298,918	72,589,494	73.19
			<u>(1,709,424)</u>	

A minimum of 70% of the Fund's net asset value will be invested into the Target Fund. The objective of the investment policy of the Target Fund is long-term capital appreciation through investments into a sustainable Shariah-compliant equity universe (Arabesque Prime League) and Shariah-compliant cash instruments.

5. Cash and cash equivalents

	2019	2018
	USD	USD
<i>Short term placements with maturity less than 30 days:</i>		
Commodity Murabahah	2,727,337	-
Wafiyah Investment Account*	1,991,026	4,637,350
Wadiah	-	2,671,499
	<u>4,718,363</u>	<u>7,308,849</u>
Cash at bank	1,769,657	9,176,857
	<u>6,488,020</u>	<u>16,485,706</u>

* Wafiyah Investment Account is placed with Bank Islam Malaysia Berhad, the holding company of the Manager.

6. Unitholders' capital

	No. of units	USD
At 1 April 2017	116,873,201	13,375,673
Creation of units		
- MYR class	388,350,236	51,743,524
- USD class	66,342,135	38,073,079
Cancellation of units		
- MYR class	(19,388,929)	(2,566,507)
- USD class	(350,680)	(208,990)
As at 31 March 2018/1 April 2018	<u>551,825,963</u>	<u>100,416,779</u>
Creation of units		
- MYR class	974,191,120	124,999,806
- USD class	18,149,062	10,373,755
Cancellation of units		
- MYR class	(60,242,874)	(8,080,403)
- USD class	(3,323,621)	(1,848,807)
As at 31 March 2019	<u><u>1,480,599,650</u></u>	<u><u>225,861,130</u></u>

7. Manager's fee

The manager's fee payable to the Manager of the Fund is based on 1.80% per annum of the net asset value of the Fund (excluding the net asset value of the Target Fund) calculated on a daily basis.

As the Fund is investing in a Target Fund, Arabesque Q3.17 SICAV - Arabesque Q3.17 Systematic, Manager's fee was charged as follows:

	2019	2018
	% p.a	% p.a.
Manager's fee charged by the Target Fund Manager, Arabesque Asset Management Ltd., on the net asset value of the Target Fund (Note a)	0.82	0.82
Manager's fee charged by the Manager, BIMB Investment Management Berhad, on the net asset value of the Target Fund (Note b)	0.98	0.98
Manager's fee charged by the Manager, BIMB Investment Management Berhad on the remaining net asset value of the Fund (Note b)	1.80	1.80

Note:-

- a) The Fund's share of Manager's fee to the Target Fund Manager had been accounted for as part of net unrealised changes in fair value of investment in foreign collective investment scheme.
- b) Manager's fee of the Fund as reported in the Statement of Comprehensive Income relates to 0.98% of the net asset value of investment in the Target Fund and 1.80% on the remaining net asset value of the Fund.

8. Trustee's fee

The trustee's fee payable to the trustee is based on 0.06% (2018: 0.06%) per annum of the net asset value of the Fund, subject to a minimum fee of RM15,000 (2018: RM15,000) per annum (excluding foreign custodian fees and charges), calculated on a daily basis.

9. Taxation

	2019 USD	2018 USD
Taxation		
- Current year	-	-
Reconciliation of effective tax expense		
Net (loss)/income before taxation	(3,853,294)	4,797,915
Income tax using Malaysian tax rate @ 24%	(924,791)	1,151,500
Non-assessable income	(2,698,603)	(1,819,810)
Non-deductible expenses	3,217,350	537,264
Restrictions on the tax-deductible expenses for unit trust funds	406,044	131,046
	-	-

10. Units held by related party

The number and value of units held legally or beneficially by related parties of the Manager are as follows:

	As at 31.3.2019		As at 31.3.2018	
	Units	USD	Units	USD
MYR class				
Bank Islam Malaysia Berhad	10,600,109	1,285,793	21,077,663	2,706,371
Syarikat Takaful Malaysia Berhad	227,301,908	27,571,721	10,028,671	1,287,681

The Manager does not hold any unit in the Fund as at 31 March 2019 and 31 March 2018.

11. Transactions with related parties

Other than as disclosed in Note 5, and 10 of the financial statements, other transactions with related parties are as follow:

	Transactions from		Balance as at	
	2019 USD	2018 USD	2019 USD	2018 USD
<i>The Manager</i>				
BIMB Investment Management Berhad				
- Amount due from Manager	-	-	3,621,146	10,499,268
- Management fee	1,600,866	473,777	(297,816)	(128,080)
<i>Holding company of the Manager</i>				
Bank Islam Malaysia Berhad				
- Income from short term placements	(52,597)	(36,029)	886	1,013
<i>The Trustee</i>				
Deutsche Trustees Malaysia Berhad				
- Trustee fee	93,850	27,314	(9,927)	(4,269)

12. Transactions with Target Fund Manager

Details of transaction with Target Fund Manager are as follows:

Target Fund Manager	Transaction in value			
	2019 USD	%	2018 USD	%
Arabesque Asset Management Limited	142,749,503	100.00	62,130,202	100.00

The above transaction values are in respect of investment in foreign collective investment scheme. Transactions in this investment do not involve any commission or brokerage.

As the Fund is a wholesale feeder fund which invests primarily into a Target Fund, hence all transactions were made with the Target Fund Manager.

13. Distribution

	2019	2018
	USD	USD
Distribution to unitholders is from the following sources:		
Dividend income from Target Fund	11,064,392	7,183,265
Income from short term investments	179,789	50,702
Realised (loss)/income on foreign exchange	(755,785)	315,259
Undistributed income	(224,940)	(432,652)
	<u>10,263,456</u>	<u>7,116,574</u>
Less:		
Expenses	(1,786,679)	(574,116)
Net distribution	<u>8,476,777</u>	<u>6,542,458</u>
- MYR class	6,743,740	4,061,193
- USD class	1,733,037	2,481,265
	<u>8,476,777</u>	<u>6,542,458</u>

Gross/net distribution per unit in respective currencies:

	2019	2018
	USD	USD
- MYR class	<u>2.08 sen</u>	<u>4.18 sen</u>
- USD class	<u><u>2.23 cent</u></u>	<u><u>4.055 cent</u></u>

14. Management Expense Ratio (“MER”)

The management expense ratio for the financial year is 1.91% (2018: 1.25%). Management expense ratio is the ratio of total fees and recovered expenses of the Fund expressed as a percentage of the Fund’s average net asset value. It is a total management expenses expressed as an annual percentage of the Fund’s average net asset value.

15. Portfolio Turnover Ratio (“PTR”)

The portfolio turnover ratio for the financial year is 0.45 times (2018: 0.68 times). It represents the average of total acquisitions and disposals of the investments in the Fund for the financial year over the average net asset value of the Fund calculated on a daily basis.

16. Financial instruments

16.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 March 2019 categorised as follows:

- (a) Fair value through profit or loss ("FVTPL");
- (b) Amortised cost ("AC").

	Carrying amount USD	AC USD	FVTPL USD
2019			
Financial assets			
Investment	202,888,190	-	202,888,190
Other receivables	3,622,801	3,622,801	-
Cash and cash equivalents	6,488,020	6,488,020	-
	<u>212,999,011</u>	<u>10,110,821</u>	<u>202,888,190</u>
Financial liabilities			
Other payables	(332,350)	(332,350)	-
Distribution payable	(378,124)	(378,124)	-
	<u>(710,474)</u>	<u>(710,474)</u>	<u>-</u>

The table below provides an analysis of financial instruments as at 31 March 2018 categorised as follows:

- (a) Financing and receivables ("F&R");
- (b) Fair value through profit or loss ("FVTPL");
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount USD	F&R/ (FL) USD	FVTPL USD
2018			
Financial assets			
Investment	72,589,494	-	72,589,494
Other receivables	10,500,757	10,500,757	-
Cash and cash equivalents	16,485,706	16,485,706	-
	<u>99,575,957</u>	<u>26,986,463</u>	<u>72,589,494</u>
Financial liabilities			
Other payables	(146,661)	(146,661)	-
Distribution payable	(255,039)	(255,039)	-
	<u>(401,700)</u>	<u>(401,700)</u>	<u>-</u>

16. Financial instruments (continued)

16.2 Net gains and losses arising from financial instruments

	2019 USD	2018 USD
Net (loss)/gain on:		
Fair value through profit or loss:		
- Designated upon initial recognition		
Realised profit	10,204,404	7,531,841
Unrealised loss	(12,450,808)	(2,210,512)
Financing and receivables	-	50,702
Amortised cost	179,789	-
	<u>(2,066,615)</u>	<u>5,372,031</u>

16.3 Financial risk management

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

16.4 Credit risk

Credit risk is the risk of a financial loss to the Fund if counterparty to a financial instrument fails to meet its contractual obligations. The Fund's exposure to credit risk arises principally from its target fund's investments, receivables and cash and cash equivalents.

Risk management objectives, policies and processes for managing the risk

The Manager manages the credit risk by setting counterparty limits and undertaking credit evaluation to minimise the risk. The exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

The Fund's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the relevant financial assets in the statement of financial position.

16. Financial instruments (continued)

16.5 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's exposure to liquidity risk arises principally from its various payables which are due within one year.

The Fund maintains sufficient level of liquid assets, after consultation with the Trustee, to meet anticipated payments and cancellation of units by unitholders. Liquid assets comprise cash at bank and other instruments, which are capable of being converted into cash within 7 days.

16.6 Market risk

Market risk is the risk that changes in market prices, such as profit rates and market prices will affect the Fund's financial position or cash flows.

Profit rate risk

The profit rate profile of the Fund's significant profit-bearing financial instruments, based on carrying amounts as at the end of reporting year was:

	Effective profit rate per annum %	2019 RM	Effective profit rate per annum %	2018 RM
Fixed rate instruments				
Short term investments with maturity less than 30 days:				
Commodity Murabahah	3.25	2,727,337	-	-
Wafiyah Investment Account	3.25	1,991,026	3.15-3.25	4,637,350
Wadiah	-	-	3.25	2,671,499

Fair value sensitivity analysis for fixed rate instruments

The Fund accounts for the deposits with licensed financial institutions are at amortised cost.

16. Financial instruments (continued)

16.6 Market risk (continued)

Market price risk

Price risk refers to the uncertainty of an investment's future prices. In the event of adverse movements, the Fund might endure potential loss in its Target Fund.

Risk management objectives, policies and processes for managing the risk

In managing the price risk, the Manager actively monitors the performance and risk profile of the investment portfolio.

Price risk sensitivity analysis

A 5% strengthening in the collective investments scheme prices at the end of the reporting year would have increased the net asset value and unitholders' fund by USD10,144,410 (2018: USD3,629,475). A 5% weakening in equity prices would have had equal but opposite effect on the net asset value and unitholders' fund respectively.

Currency risk

Currency risk is associated with the Fund's assets and liabilities that are denominated in foreign currencies. Currency risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Manager will evaluate the likely directions of a foreign currency versus USD based on considerations of economic fundamentals such as profit rate differentials, balance of payments position, debt levels, and technical chart considerations.

The following table sets out the foreign currency risk concentrations arising from the denomination of the Fund's financial instruments in foreign currencies:

	2019	2018
	USD	USD
Denominated in MYR		
Cash and cash equivalents	6,488,020	16,485,706
Other receivables	1,655	1,489
Other payables	(24,607)	(6,370)
	<u>6,465,068</u>	<u>16,480,825</u>

16. Financial instruments (continued)

16.6 Market risk (continued)

Market price risk (continued)

Currency risk sensitivity analysis

The table below summarises the sensitivity of the Fund's NAV to changes in foreign exchange movements at the end of the reporting year. The analysis is based on the assumption that the foreign exchange rate fluctuates by 5%, with all other variables remain constants. This represents management's best estimate of a reasonable possible shift in the foreign exchange rate, having regard to historical volatility of this rate. Disclosures below are shown in absolute terms, changes and impacts could be positive or negative.

	2019	2018
	USD	USD
Change in foreign exchange rate:		
- 5.00%	(307,860)	(784,801)
+ 5.00%	340,267	867,412
	<u> </u>	<u> </u>

16.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and their carrying amounts shown in the statement of financial position.

	Fair value of financial instruments				Carrying amount
	carried at fair value				
	Level 1	Level 2	Level 3	Total	
	USD	USD	USD	USD	USD
2019					
Financial assets					
Financial assets at FVTPL	-	202,888,190	-	202,888,190	202,888,190
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2018					
Financial assets					
Financial assets at FVTPL	-	72,589,494	-	72,589,494	72,589,494
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16. Financial instruments (continued)

16.7 Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Collective Investment Scheme

Unlisted Shariah-compliant collective investment scheme is valued based on the last published net asset value per unit, in accordance with the Deed. Unrealised gain or loss is taken to statement of profit or loss and other comprehensive income.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2018: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

17. Capital management

The Fund's capital is represented by the unitholders' fund in the statement of financial position. The Manager of the Fund monitors the adequacy of capital on an ongoing basis. There is no external capital requirement imposed on the Fund.

8.0 CORPORATE DIRECTORY

Manager	BIMB Investment Management Berhad Registered Office Level 32, Menara Bank Islam No. 22, Jalan Perak 50450, Kuala Lumpur Business Office Level 19, Menara Bank Islam No. 22, Jalan Perak 50450, Kuala Lumpur
Board of Directors	Nik Mohd Hasyudeen Yusoff (Chairman – Non-Executive Independent Director) Dato' Ghazali Awang (Non-Executive Independent Director) Datuk Noripah Kamso (Non-Executive Independent Director – Resigned w.e.f. 14 December 2018) Dr. Mohd Hatta Dagap (Non-Executive Independent Director) Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Director) Datin Maznah bin Mahbob (Non-Executive Independent Director - Appointed w.e.f. 1 April 2019) Najmuddin Mohd Lutfi (Chief Executive Officer)
Shariah Committee	Dr. Ahmad Shahbari @ Sobri Salamon Dr. Yusof Ramli (Resigned w.e.f. 31 March 2019) Assoc. Prof. Dr. Asmak Ab. Rahman Dr. Azrul Azlan Iskandar Mirza (Appointed w.e.f. 1 April 2019)
Investment Committee	Khairul Muzamel Perera Abdullah (Chairman – Non Independent Member) Datuk Noripah Kamso (Independent Member – Resigned w.e.f. 14 December 2018) Mohd Radzuan Ahmad Tajuddin (Independent Member) Datin Maznah Mahbob (Appointed w.e.f. 1 April 2019)
Audit Committee	Dato' Ghazali Awang (Chairman – Independent Member) Dr. Mohd Hatta Dagap (Independent Member) Malkiat Singh @ Malkit Singh Maan (Non-Executive Non Independent Member)

Company Secretary	Norhidayati Mohamat Salim (MIA 27364) Level 32, Menara Bank Islam No.22 Jalan Perak 50450 Kuala Lumpur Aidil Haznul Zulkifli (MACS 01638) Level 32, Menara Bank Islam No.22 Jalan Perak 50450 Kuala Lumpur
Key Management	Najmuddin Mohd Lutfi (Chief Executive Officer) Abd Razak Salimin (Head of Investment) Mohd Hamidullah Che Hassan (Head of Compliance)
Principal Banker	Bank Islam Malaysia Berhad Ground Floor Menara Bank Islam No. 22, Jalan Perak 50450 Kuala Lumpur
Trustee	Deutsche Trustees Malaysia Berhad (763590-H) Level 20, Menara IMC 8 Jalan Sultan Ismail 50250 Kuala Lumpur
Auditors	KPMG Desa Megat PLT (LLP0010082-LCA & AF 0759) Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya, Selangor
Federation of Investment Managers Malaysia (FIMM)	19-06-1, 6th Floor, Wisma Tune No.19, Lorong Dungun Damansara Heights 50490 Kuala Lumpur
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